



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 3065 (1951-C)
September 19, 1994

SUBJECT: Individual and Corporate Internal Revenue Service
Offset - Second Screening Process

TO: State Directors
District Directors
County Supervisors

PURPOSE/INTENDED OUTCOME: The purpose of this AN is to provide field offices with procedures for the second online screening of delinquent borrowers who are potentially eligible for Internal Revenue Service (IRS) offset for Tax Year 1994.

COMPARISON WITH PREVIOUS AN: FmHA AN No. 3043, dated July 29, 1994, gave instructions for the first online screening of individual borrowers and FmHA AN No. 3052, dated August 23, 1994, gave instructions for the first online screening of corporate borrowers.

IMPLEMENTATION RESPONSIBILITIES: On September 28, 1994, the Finance Office (FO) will make available to all field offices the second online screening list of individual and corporate borrowers who were not deleted during the first screening process and who remain potentially eligible for IRS offset. Individual borrowers include delinquent SFH and delinquent FP borrowers who have Social Security numbers. Corporate borrowers include all delinquent RDA Community Program (CP) borrowers and delinquent FmHA CP borrowers who have loans with fund codes of 74, 76, 94, 96, or 98. MFH and FP corporate borrowers will be included in future years as enhancements to the automated systems are completed.

These borrowers will receive a due process letter notifying them of FmHA's intent to offset. A copy of each due process letter is attached for your information. The FO will send out the due process letters September 28, 1994. Also, the first screening list will not be available after this date.

Servicing Offices shall:

1. Review Attachment 1 and 2 for ineligibility criteria, deletion codes, and information on how to view and/or remove borrowers from IRS offset. You cannot add borrowers at any time during the screening process.
2. Review the online list to determine if any of the borrowers fall into a category listed in Attachment 1.

EXPIRATION DATE: December 31, 1994

FILING INSTRUCTIONS:
Preceding FmHA Instruction 1951-C



Farmers Home Administration is an Equal Opportunity Lender.
Complaints of discrimination should be sent to:
Secretary of Agriculture, Washington, D.C. 20250

3. If any borrower is ineligible for IRS offset due to the criteria in Attachment 1, input the appropriate deletion code in the **DLT CDE** field on the online screen and press enter. This is the only field on the screen where the servicing offices can enter or change data. Once you have input the delete code in this field and pressed the enter key, the delete code will disappear from the **DLT CODE** field and move to the **DELETE CODE** field. Also, the date of the action will show in the **DELETE DATE** field.

4. Deletion codes can be changed up until the deadline of Tuesday, December 6, 1994. If a borrower was deleted by mistake, input "00" in the **DLT CDE** field to the left of the borrower's name, then press enter. This will allow the borrower to remain eligible for offset. If an incorrect deletion code was input, input the correct code in the **DLT CDE** field, then press enter.

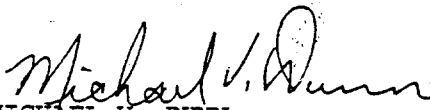
5. Input the necessary deletion codes NO LATER THAN Tuesday, December 6, 1994. For the borrowers who have a code of "00" in the **DELETE CODE** field after December 6th, their names will be forwarded to IRS for offset.


The State Offices shall:

1. Ensure that your field offices comply with the requirements and deadlines established in this AN. It is essential that the State Offices follow up with the servicing offices to make sure that the screening has been completed by the deadline.

2. To verify that all the servicing offices have reviewed the online screens and made changes, view each office's list to see if the **DELETE CODE** field has been changed from "00" for any borrower. If this field is "00" for all borrowers in that servicing jurisdiction, either they have no deletes or they have not processed the deletes yet. Contact these offices to verify that the screening has been done.

If you have any questions, please call the Quality Control Section at the Finance Office at (314) 539-2492.


MICHAEL V. DUNN
Administrator
Farmers Home Administration


WILBUR T. PEER
Acting Administrator
Rural Development Administration

Attachments (4)

ATTACHMENT 1

INELIGIBILITY CRITERIA AND DELETION CODES

General Codes - Individual or Corporate Borrowers

- 01 Account has been referred to OGC for foreclosure and, based on the legal opinion required by FmHA Instruction 1951-C, section 1951.103(c), a collection by offset would jeopardize the litigation under State law. Existence of a foreclosure action pending flag is not a determining factor.
- 02 Account has been discharged in bankruptcy or is under the jurisdiction of a bankruptcy court and the debt has not been reaffirmed. Existence of a bankruptcy action pending flag is not a determining factor.
- 05 Account is past due by less than \$25 (individual) or \$100 (corporate), or if the borrower has multiple loans, the net amount past due is less than \$25 (individual) or \$100 (corporate).
- 17 Account is current or paid in full.
- 18 Account has been referred to the Department of Justice for litigation.
- 19 Account has been otherwise satisfied or the borrower is ineligible for a reason not listed in this attachment.

Individual Borrowers Only:

- 03 Account has a suspend code
- 04 Account has been assigned to a collection agency.
- 06 Borrower is a Federal employee and collection is feasible under salary offset.
- 07 Borrower was indebted to FmHA prior to entering full time active duty military service and the account is being serviced in accordance with FmHA Instruction 1950-C.
- 08 Account is current under a subject to approved adjustment (SAA).

Corporate Borrowers:

RDA - Community Program Loans

FmHA - Community Program Fund Codes: 74, 76 94, 96, 98

- 09 Borrower has one loan and it is less than 3 monthly payments delinquent (or, if annual borrower, the equivalent of less than 3 monthly payments for annual payments past due) or more than 9 years delinquent.
- 10 Borrower has multiple loans, and the net amount past due is less than 3 monthly payments on the delinquent loans (or the equivalent of less than 3 monthly payments for annual payment borrowers).
- 20 Borrower is a public body or a non-profit organization and is not required to pay Federal income tax.

Single Family Housing Borrowers:

Fund Codes: 36, 37, 46, 47

- 09 Borrower has one loan and it is less than 3 monthly payments delinquent (or, if annual borrower, the equivalent of less than 3 monthly payments for annual payments past due) or more than 9 years delinquent.
- 10 Borrower has multiple loans, and the net amount past due is less than 3 monthly payments on the delinquent loans (or the equivalent of less than 3 monthly payments for annual payment borrowers).
- 11 Account is under a moratorium.
- 12 Account has a delinquency workout agreement in effect and payments under the agreement are current.

Farmer Program Borrowers:

Fund Codes: All fund codes less than 50 except 36, 37, 46, and 47

- 13 Borrower is a partnership or corporation and/or is identified in the accounting system by an Employer Identification Number (EIN) rather than a Social Security Number (SSN).
- 14 Account is less than 180 days past due.
- 15 Borrower has not completed all primary servicing options available (including appeals) at the time of final offset screening by the field and the borrower's account has not been accelerated.
- 16 If the account was accelerated prior to instituting FmHA Instruction 1951-S servicing in 1987, the borrower's loans are being serviced under FmHA Instruction 1951-S, the borrower requested a 1951-S appeal and the appeal has not been concluded.

SELECT FROM THE FOLLOWING LIST THE SUBSYSTEM THAT YOU WISH TO ACCESS! DENOTE YOUR SELECTION BY AN (X). THEN DEPRESS THE ENTER BUTTON.

ADPS	MISTR	OTHERS	MAIL	SIGNOFF
RMS	RCFTS	APROPTN	AMAS	WOMS
RMSFHAR	CBRAMS	RESTORE	ACQD	CHNGDATA
ABS	DFIS	IRSOFFST	NAS	AMAS-CSH
ADPC	DPSTBAL	WOMSUTL	FARM PGM	USR-MSG
RMSUTIL	DCGRS	INT RATE	NEWFHAR	

MESSAGES? (Y/N) N

1. Select IRSOFFST from the ONLINE SUBSYSTEM SELECTION MENU.

YU 2

BORROWERS SELECT MENU

- OPTIONS

1. VIEW BORROWERS BY STATE AND COUNTY
2. VIEW BORROWERS BY CASE NUMBER
3. RETURN TO ONLINE SUBSYSTEM SELECTION MENU

ENTER OPTION:
ENTER STATE AND COUNTY:
ENTER CASE NUMBER:

PLEASE SELECT OPTION AND STATE/COUNTY OR CASE NUMBER TO CONTINUE

2. Enter the desired option number. Tab to the next field.
3. If Option 1 is selected, enter the 5 digit servicing office code to view the IRS offset data for the servicing jurisdiction. A State Office can view any district (corporate offset) or county (individual offset) data by entering the state and servicing district or county office code within its jurisdiction. A District Office can view and update corporate offset data within its jurisdiction by entering the state and its own district office servicing code. District offices can also view individual offset data within its jurisdiction by entering the state and applicable county servicing office code. A County Office can only view and update individual offset data within its servicing jurisdiction by entering the state and its own county office servicing code.
4. If Option 2 is selected, enter the 15 digit case number to view the data for a specific borrower.
5. Press the enter key to go to the next screen.

MENU 3

EXAMPLE

BORROWERS ELIGIBLE FOR IRS OFFSET

DLT CDE:	NAME	CASE NUMBER LOAN NBR DELETE CODE DELETE DATE	DELQ DATE	DELINQUENT AMOUNT	MONTHS DELQ
	FARMER, JOE	01-002-0345678910	01/01/88	\$22,356.78	15
	FARMER, JULIE	01 00			
	HOMEOWNER, HARRY	01-002-0222222222	04/24/86	\$5,000.00	24
		01 11 8/23/94			

PRESS CLEAR TO EXIT
PRESS ENTER TO UPDATE

PRESS PF8 TO PAGE FORWARD
PRESS PF7 TO PAGE BACK

FOR SERVICING OFFICES ONLY:

- To delete a borrower, input the 2-digit deletion code in the DLT CDE field to the left of the borrower's name. See Attachment 1 for a list of deletion codes. The DELETE CODE field shows the updated delete code you entered in the DLT CDE field or a '00' if the borrower is to remain on offset.
- Press enter after inputting each delete code or before going on to the next screen. If you go to the next screen without pressing enter, your deletes will NOT process.
- Tab to select another borrower, press PF7 to move back one page, or press PF8 to move forward one page.
- A deletion code can be changed at any time before the deadline. Follow the instructions in #6.
- To put a borrower back on the IRS list after the name has been deleted, input "00" in the DLT CDE field, then press enter. This can only be accomplished before the deadline. You cannot re-establish a borrower after the deadline.



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

SEP 19 1994

Dear FmHA Borrower:

Our records indicate that you are more than 3 months delinquent on a debt to the Farmers Home Administration (FmHA). The Internal Revenue Service (IRS) collects many delinquent payments by deducting the amount of the debt from income tax refunds to which delinquent borrowers were entitled. FmHA plans to collect delinquent amounts through offset, and will refer information concerning your account to IRS. All amounts collected will be applied to your loan.

Any Federal agency that is owed a past-due, legally enforceable debt will notify the IRS of the amount of the debt. A Federal agency, before notifying the IRS, must notify the taxpayer that the Agency plans to refer the debt to IRS for offset, determine that the debt is past-due and legally enforceable after providing the taxpayer at least 60 days in which to present evidence to the contrary, and make reasonable efforts to collect the debt. This letter is to comply with these requirements.

If you are married, filing a joint income tax return, and you incurred this debt separately from your spouse who has no legal responsibility for the debt and who has income and withholding and/or estimated tax payments, he or she may be entitled to receive his or her portion of the joint refund. Such taxpayers filing joint returns should contact the IRS before filing their return regarding the steps to take to protect the share of the refund which may be payable to the non-obligated spouse.

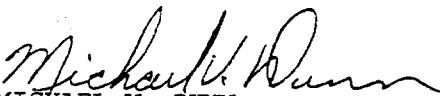
If you feel you should not be reported for offset, you have 60 days from the date of receipt of this letter to provide written information to your local FmHA County Supervisor to show that offset should not be exercised. For example, you will not be reported if you have brought the account to less than 3 months delinquent, or if you have agreed to bring the account current and FmHA has officially agreed to that plan. Also, you will be exempted if the debt has been discharged in bankruptcy, you are under the jurisdiction of a bankruptcy court, or it is determined that FmHA is not legally entitled to collect the debt at this time. The County Supervisor will review the information you provide and notify you of the final decision regarding the offsetting of your IRS refund.

We strongly urge you to bring your account current.

If you are reported for IRS offset, your account will be reported to credit reporting agencies. You have the same 60 day period from receipt of this letter to file a written request with your local FmHA County Supervisor for a review of the status of your account and any information that is proposed to be reported to credit agencies. Once reporting begins it will be continued and updated monthly for 7 years. The amounts listed on the reverse reflect the status of your FmHA loan(s) based on payments received by FmHA's Finance Office.

ALL CONTACTS WITH FMHA ARE TO BE DIRECTED TO THE FMHA COUNTY OFFICE
SERVICING YOUR LOAN.

Sincerely,


MICHAEL V. DUNN
Administrator



Farmers Home Administration is an Equal Opportunity Lender.
Complaints of discrimination should be sent to:
Secretary of Agriculture, Washington, D.C. 20250



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

SEP 19 1994

Dear FmHA/RDA Borrower:

Our records indicate that you are more than 3 months delinquent on a debt to the Farmers Home Administration (FmHA)/Rural Development Administration (RDA). The Internal Revenue Service (IRS) collects many delinquent payments by deducting the amount of the debt from income tax refunds to which delinquent borrowers were entitled. FmHA/RDA plans to collect delinquent amounts through offset, and will refer information concerning your account to IRS. All amounts collected will be applied to your loan.

Any Federal agency that is owed a past-due, legally enforceable debt will notify the IRS of the amount of the debt. A Federal agency, before notifying the IRS, must notify the taxpayer that the Agency plans to refer the debt to IRS for offset, determine that the debt is past-due and legally enforceable after providing the taxpayer at least 60 days in which to present evidence to the contrary, and make reasonable efforts to collect the debt. This letter is to comply with these requirements.


If you feel you should not be reported for offset, you have 60 days from the date of receipt of this letter to provide written information to your local FmHA/RDA office to show that offset should not be exercised. For example, you will not be reported if you have brought the account to less than 3 months delinquent, or if you have agreed to bring the account current and FmHA/RDA has officially agreed to that plan. Also, you will be exempted if the debt has been discharged in bankruptcy, you are under the jurisdiction of a bankruptcy court, or it is determined that FmHA/RDA is not legally entitled to collect the debt at this time. The District Director will review the information you provide and notify you of the final decision regarding the offsetting of your IRS refund.

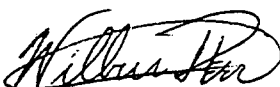
We strongly urge you to bring your account current.

If you are reported for IRS offset, your account will be reported to credit reporting agencies. You have the same 60 day period from receipt of this letter to file a written request with your local FmHA/RDA office for a review of the status of your account and any information that is proposed to be reported to credit agencies. Once reporting begins it will be continued and updated quarterly for 3 years. The amounts listed on the reverse reflect the status of your FmHA/RDA loan(s) based on payments received by FmHA's Finance Office.

ALL CONTACTS WITH FMHA/RDA ARE TO BE DIRECTED TO THE FMHA/RDA OFFICE
SERVICING YOUR LOAN.

Sincerely,


MICHAEL V. DUNN
Administrator
Farmers Home Administration


WILBUR T. PEER
Acting Administrator
Rural Development Administration



Farmers Home Administration is an Equal Opportunity Lender.
Complaints of discrimination should be sent to:
Secretary of Agriculture, Washington, D.C. 20250